

# Positioned for opportunity



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npt

## INTERIM REPORT

FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2015



“

**Our Net Profit after Tax of \$5.08 million for the 6 month period is a 98% increase on last year's \$2.57 million, mainly due to an uplift in the fair value of our property portfolio.**

”





SIR JOHN ANDERSON  
CHAIRMAN

## On behalf of the Board of Directors of NPT Limited ('NPT' 'the Company') I am pleased to present the 2015 Interim Report.

In the period under review the Company announced a Net Trading Profit of \$3.315 million compared with \$3.126 million for the 6 months ending 30 September 2014; an increase of 6.05%.

NPT Limited's Net Profit after Tax is \$5.076 million, up from \$2.568 million in the same reporting period in 2014. The increase is mainly due to a larger unrealised uplift in the fair value of its property portfolio.

NPT's property portfolio has increased in value by 4.27%, growing to \$163.42 million in September 2015 compared with \$156.73 million in September 2014.

Net Tangible Asset Backing (NTA) as at 30 September 2015 was 73.68 cents per share (30 September 2014 71.76 cents per share).

Gross rental income grew by 3.78% from \$8.158 million in September 2014 to \$8.466 million in September 2015.

I would also like to take this opportunity to welcome Carol Campbell to the NPT Board. Carol joined us in May 2015 and we are fortunate to have her onboard with her extensive financial experience and sound understanding of efficient Board governance.

She was a partner at Ernst & Young for over 25 years and is a member of the Chartered Accountants Australia and New Zealand. She holds a number of Directorships, including Turners & Growers, Kiwibank and New Zealand Post and is Chair of Ronald McDonald House Charities in New Zealand.

### Dividend Distributions

Shareholders will receive a cash dividend of 0.875 cents per share for the quarter ended 30 September 2015 with Imputation Credits of 0.1544 cents per share attached.

That brings the total distribution for the year to date to 1.75 cents per share.

The record date will be 5pm on 18 December 2015 with payment being made on 8 January 2016.

### Looking Ahead

NPT will maintain its focus on maximising revenue and capital growth by optimising our income from our portfolio as well as exploring opportunities that present themselves through diversified income streams.

Eastgate Shopping Centre continues to evolve as an important town centre that is integral to the needs of the local community. Foot traffic and tenant demand has grown significantly and the asset is expected to show ongoing improvement throughout the 2016 financial year.

There is capacity in the balance sheet for additional investment to enhance profit growth.

Sir John Anderson  
Chairman





“

## **Our size and national focus means we're able to be open to more opportunities.**

**KERRY HITCHCOCK  
MANAGING DIRECTOR**

Traditionally the commercial property market in New Zealand has been more passive than dynamic, but that is starting to change.

NPT is currently in its strongest position for five years. As a business, one of our advantages is that we are relatively small and can therefore be nimble, timely and open to opportunity. We're capitalising on our ability to get on the front-foot to meet more of our community's needs and we have good options for growth through value-adding innovations.

We continue to look closely at ways to make the most of our existing assets. On this basis, we recently decided to internalise the property management capability within the business. Until now, we've outsourced our property management to an external agency.

By bringing this function in-house we achieve cost efficiencies and also develop closer relationships with our tenants – which leads to more direct and better quality information feeding decision-making. Ultimately, we're ensuring we have greater control over our destiny.

NPT has seen another increase in the Company's Weighted Average Lease Term (WALT) to 5.72 years as at 30 September 2015.

An update on each of the Company's properties follows.

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**We have exceeded expectations with 1,000 customers accessing our collections, technology, programmes and spaces daily.**



JENNY SMITH  
LINWOOD LIBRARY



THE TOTAL NUMBER OF PATRONS  
VISITING THE LIBRARY AT EASTGATE  
EVERY MONTH IS NOW

**27,000**

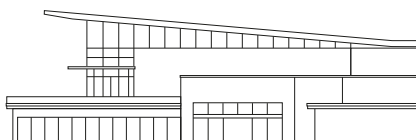
VISITOR NUMBERS  
TO THE LIBRARY EXCEEDED  
ORIGINAL GOAL BY

**150%**

EASTGATE  
SHOPPING CENTRE  
CHRISTCHURCH

NET LETTABLE AREA  
27,099m<sup>2</sup>

MARKET VALUE  
\$55m



WALT  
5.64 years

TENANTS  
53

VISITORS  
62,000/month





RICHIE McCAW AND TEAMMATES VISIT THE CENTRE IN APRIL FOR PHOTOS, AUTOGRAPHS AND TO PLAY THE GREAT RUGBY PASS



THE WELCOMING RECEPTION AREA AT LINWOOD LIBRARY

## While some other corporate property investors are moving on from Christchurch, NPT is committed to the Canterbury region.

Our current focus is on transforming the Eastgate Shopping Centre and in the process helping to re-energise this part of the city.

Eastgate occupies a high profile position about 3km east of the Christchurch CBD. Our anchor tenants include The Warehouse, Countdown, Warehouse Stationery, Number 1 Shoes, Lincraft as well as the Linwood Library and are complemented with 34 specialty stores and a food court.

Shopping malls today are about meeting the range of needs sought by the local community and capturing the discretionary spend within the area. We're currently investing in those needs at Eastgate by continuing our strategy of developing a town-centre (or hub) concept to support a range of integrated health and socially-focused activities, such as Aviva (formerly Christchurch Women's Refuge), Barnados, Red Cross, Family Health Trust, START and He Waka Tapu. Some of these medical and social services are getting together to create and brand their health and wellbeing hub, which will become a focal point that

encourages foot traffic. We are also pleased to have been able to provide space to the Linwood Library, which alone has added 27,000 patrons to the Centre every month – a figure we estimate will grow to 60,000 visitors in the next few years.

Cornerstone tenant, The Warehouse recently signed a new 12-year lease and we are close to concluding arrangements for two new food outlets.

As the Official Mall of the Crusaders, we continue to leverage our association with the team and had an impressive crowd turnout for their visit to Eastgate in April.

Based on a sound feasibility assessment, we will be investing a significant amount of capital at Eastgate over the next few years. Consent for a 4,000 sqm development within the carpark area is currently underway, and is ideal for large-scale retailers of electronics, car parts and accessories, furniture, and sporting goods, as examples of the types of retailers that we see as being complementary to the Centre.

## Print Place, Christchurch

■  
PRINT PLACE  
IS LOCATED  
WITHIN A LEAFY  
ENVIRONMENT  
IN MIDDLETON

Print Place – which used to house PrintPac – is a solid industrial property that includes a high-stud warehouse and factory space with associated offices.



Located in the Middleton industrial area of Christchurch, it has excellent access to roading networks and is therefore very well positioned.

The property is fully leased with a major tenant being the Canterbury District Health Board whose Design Lab tests layouts and configurations for health facilities by constructing operational mock ups for new build projects such as the new Christchurch Hospital.

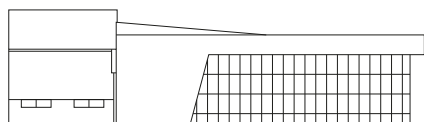
### PRINT PLACE CHRISTCHURCH

NET LETTABLE  
AREA  
12,696m<sup>2</sup>

MARKET VALUE  
\$13.25m

WALT  
2.79 years

TENANTS  
3





“

**Consumer confidence in the Hawke's Bay rose for the third consecutive quarter and is now the highest across all regions in New Zealand.**

”



ANZ REGIONAL TRENDS

**HEINZ WATTIE'S NATIONAL  
DISTRIBUTION CENTRE  
HASTINGS**

**NET LETTABLE AREA**  
60,059m<sup>2</sup>  
(includes Grey  
Warehouse)

**MARKET VALUE**  
\$27.12m

**WALT**  
11.3 years



Our 6.3037 hectare industrial site houses one of New Zealand's larger stand-alone warehouses – with a floor area of 50,000 sqm – a contemporary dry storage facility with sealed yards, security fencing and operative rail siding. It sits right next to the Heinz Wattie's Tomoana production facility on the northern fringe of Hastings.

Currently one of New Zealand's most go-ahead areas, the Hawke's Bay population and economy are both growing. Our tenant, Heinz Wattie's, one of the region's, and New Zealand's, best-loved companies, is also on a growth trajectory. Having recently

merged with the American/Australian food giant Kraft – they are now a much bigger Group and one of the largest in the world. As a consequence of the merger, we anticipate that there could be increased production and demand for space on our property.

On an adjoining property, NZ Miracle Water's \$20 million water bottling plant is now operational. The Chinese joint venture with Tomoana Warehousing will extract water from a 300m aquifer for export to Asia and the Middle East. We welcome this additional investment in the immediate vicinity of our property.

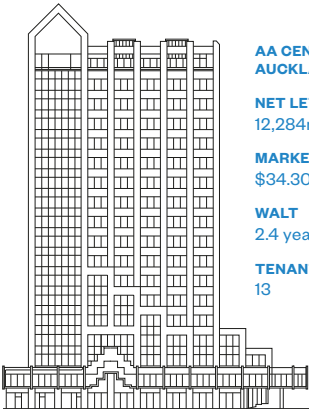


In Auckland's CBD, the AA Centre is an  
18 level high-rise office tower with ground floor  
retail space and basement car park.

The AA Centre sits in the middle of the biggest entertainment precinct in New Zealand and we see huge value in progressively upgrading technology and environment standards to improve the image and profile of the building. This will create sustained demand from quality tenants and provide superior returns over the long term.

We will be relocating our own office to Level 13 of the building and are looking forward to being located in one of our flagship assets. Our planned refit will enable us to show off the full potential of the building to prospective tenants.





**AA CENTRE  
AUCKLAND**  
**NET LETTABLE AREA**  
12,284m<sup>2</sup>  
**MARKET VALUE**  
\$34.30m  
**WALT**  
2.4 years  
**TENANTS**  
13



“

**We value our relationship  
with NPT, enabling us to service  
this important catchment.**

”

FIONA SHILTON  
THE WAREHOUSE, GENERAL MANAGER PROPERTY





## NPT's latest acquisition, the community retail centre, '22 Stoddard' – rebranded from The Roskill Centre – was completed earlier last year and has been built to current seismic standards.

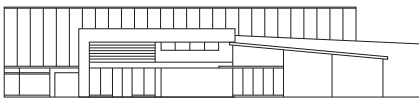
**22 STODDARD**  
AUCKLAND

**NET LETTABLE AREA**  
8,453m<sup>2</sup>

**MARKET VALUE**  
\$33.75m

**WALT**  
6.47 years

**TENANTS**  
19



The Centre is home to The Warehouse, The Mad Butcher and 17 specialty retail spaces and 335 car parks. A New World supermarket is next door on an immediately adjoining site.

This quality asset, in the strong catchment area of Mt Roskill, is meeting the needs of service-related tenants and showing

good growth potential. With its recent contemporary rebrand and fit-out, the centre is now a more attractive place with the ability to promote itself more effectively to take full advantage of the Christmas shopping period and other seasonal holidays and event-based occasions.



■  
MT ROSKILL CUSTOMERS  
AT THE ANZ BANK  
AT 22 STODDARD

### Looking ahead

NPT will be working towards the conclusion of the Eastgate lease negotiations and the multiple growth and development opportunities as a result of the strengthening market for the Centre. We'll also continue to work on repositioning the AA Centre for rental growth and development options.

We have balance sheet capacity for growth and the company's focus will remain on

acquisition of property where both sound cashflow and growth opportunities exist.

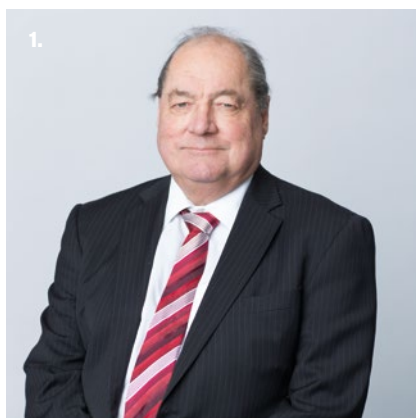
**Kerry Hitchcock**  
Managing Director

## Directors

### 1. Sir John Anderson

CHAIRMAN

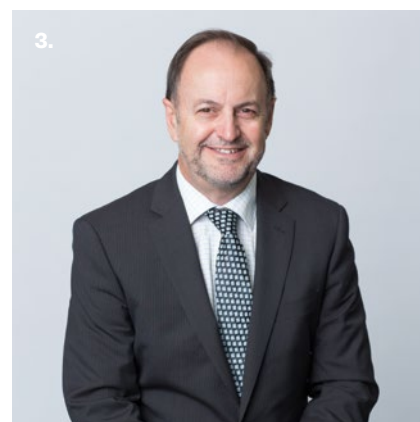
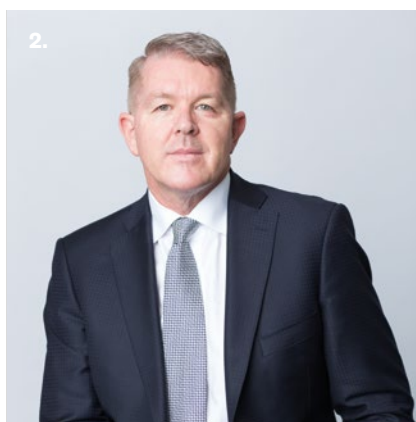
One of New Zealand's most respected business leaders, Sir John was appointed to the Board as Chairman of NPT Limited on 1 April 2011. His reputation was forged as the Chief Executive of the ANZ National Bank for over two decades. Until recently Sir John was Chairman of PGG Wrightson and is currently Chairman of Steel & Tube Holdings and Deputy Chair of Turners and Growers. Sir John is also a Director of the Commonwealth Bank of Australia. As well as many business awards, avid cricket supporter Sir John received a 2010 Halberg Award for leadership excellence in sport.



### 2. Kerry Hitchcock

MANAGING DIRECTOR

Kerry Hitchcock joined The National Property Trust Board in August 2009 initially as an Independent Director. He has unrivalled experience as a property investment and development specialist, having been involved in the property sector since 1983. Over the last 30 years he has seen the New Zealand property market grow rapidly and managed companies through the highs and lows.



### 3. Tony McNeil

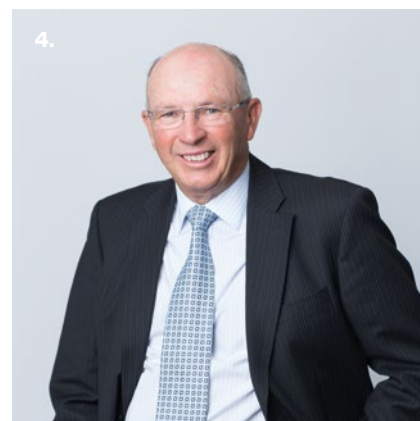
NON-EXECUTIVE INDEPENDENT DIRECTOR

Tony McNeil joined the Board of NPT Limited on 1 April 2011. Tony brings a wealth of experience from the retail sector as Managing Director of supermarket co-operative Foodstuffs (Wellington) Co-operative Society for 12 years, before retiring in 2010. Previous roles as Director of Ballance Agri Nutrients, The Bell Tea Company, Kapiti Fine Foods and AF Logistics add to his stock. He is a member of the Institute of Directors and Chairman of Payments (NZ) Limited.

### 4. Jim Sherwin

NON-EXECUTIVE INDEPENDENT DIRECTOR

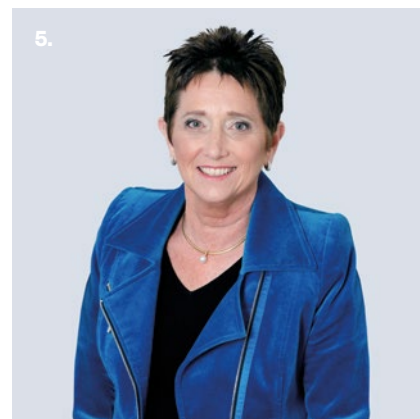
Jim Sherwin joined the National Property Trust Board in March 2007. A Chartered Accountant, Jim is the former Managing Partner of WHK. He is currently Chairman of Nees Hardware (Mitre 10 Mega) and Building Supplies Limited, and Preston Corp Limited, a Director of Cuthbert Stewart Limited and Energy Solution Providers Limited and past Chairman of Te Omanga Hospice. He is a member of the Institute of Directors and acts as a strategic advisor to the motor industry and retailing sector.



### 5. Carol Campbell

NON-EXECUTIVE INDEPENDENT DIRECTOR

Carol Campbell joined the Board of NPT in May 2015. Carol is a member of the Chartered Accountants Australia and New Zealand and was a partner at Ernst & Young for over 25 years. She holds directorships across a broad spectrum of companies, including Turners & Growers, Kiwibank and New Zealand Post where she is Chair of the Audit and Risk Committee. Carol is also Chair of Ronald McDonald House Charities in New Zealand.





# 2015 numbers

**FINANCIAL STATEMENTS**  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015



## Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
Gross Rental Income		8,466	8,158	16,521
Direct Property Operating Expenses	4	(2,991)	(2,773)	(5,059)
<b>Net Rental Income</b>		<b>5,475</b>	<b>5,385</b>	<b>11,462</b>
Interest Income		41	62	116
Other Income		3	10	13
<b>Total Operating Income</b>		<b>5,519</b>	<b>5,457</b>	<b>11,591</b>
Interest Expense		1,242	1,251	2,520
Administration Expenses	5	962	1,080	2,112
<b>Total Indirect Operating Expenses</b>		<b>2,204</b>	<b>2,331</b>	<b>4,632</b>
<b>Operating Profit Before Other Gains/(Losses)</b>		<b>3,315</b>	<b>3,126</b>	<b>6,959</b>
Net Gain/(Loss) on Sale of Plant and Equipment		-	-	1
Unrealised Gain/(Loss) in Fair Value of Investment Properties	6	2,701	76	1,187
Unrealised Gain/(Loss) in Fair Value of Interest Rate Swaps		(521)	(193)	(829)
<b>Total Other Gains/(Losses)</b>		<b>2,180</b>	<b>(117)</b>	<b>359</b>
<b>Net Profit Before Taxation</b>		<b>5,495</b>	<b>3,009</b>	<b>7,318</b>
Taxation Expense		419	441	933
<b>Net Profit After Taxation</b>		<b>5,076</b>	<b>2,568</b>	<b>6,385</b>
Other Comprehensive Income		-	-	-
<b>Total Comprehensive Income</b>		<b>5,076</b>	<b>2,568</b>	<b>6,385</b>
<b>Earnings Per Share</b>				
Basic and Diluted Earnings Per Share (cents)	7	3.13	1.59	3.94

The notes set out on pages 18 to 25 form part of, and should be read in conjunction with the financial statements



## Condensed Consolidated Statement of Changes in Shareholders Funds

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
<b>Shareholders Funds at the Beginning of the Period</b>		<b>117,425</b>	<b>116,219</b>	<b>116,219</b>
<b>Earnings</b>				
Net Profit after Taxation		5,076	2,568	6,385
<b>Total Comprehensive Profit for the Period</b>		<b>5,076</b>	<b>2,568</b>	<b>6,385</b>
Distributions Paid and Payable to Shareholders	8	(3,198)	(2,588)	(5,179)
<b>Shareholders Funds at the End of the Period</b>		<b>119,303</b>	<b>116,199</b>	<b>117,425</b>

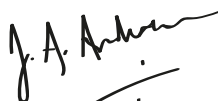
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## Condensed Consolidated Statement of Financial Position

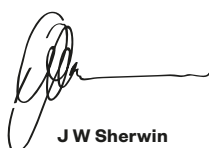
AS AT 30 SEPTEMBER 2015

	Note	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
<b>Current Assets</b>				
Cash and Cash Equivalents		3,175	1,974	2,549
Accounts Receivable	9	206	167	207
Prepayments	10	604	461	741
Other Loans and Receivables	9	108	64	18
<b>Total Current Assets</b>		<b>4,093</b>	<b>2,666</b>	<b>3,515</b>
<b>Non Current Assets</b>				
Prepayments	10	1,671	953	1,261
Investment Properties	6	163,420	156,725	158,225
Property Work in Progress		1,980	396	1,773
Plant & Equipment		699	606	699
<b>Total Non Current Assets</b>		<b>167,770</b>	<b>158,680</b>	<b>161,958</b>
<b>Total Assets</b>		<b>171,863</b>	<b>161,346</b>	<b>165,473</b>
<b>Current Liabilities</b>				
Trade and Other Payables	11	2,318	1,407	1,585
Distribution Payable to Shareholders	8	1,417	–	1,295
Tax Payable		364	24	17
<b>Total Current Liabilities</b>		<b>4,099</b>	<b>1,431</b>	<b>2,897</b>
<b>Non Current Liabilities</b>				
Bank Loans (Secured)	12	44,000	39,939	41,000
Trade and Other Payables	11	18	18	18
Deferred Taxation	13	2,948	3,421	3,159
Interest Rate Swaps		1,495	338	974
<b>Total Non Current Liabilities</b>		<b>48,461</b>	<b>43,716</b>	<b>45,151</b>
<b>Shareholders' Funds</b>				
Contributed Capital	14	134,089	134,089	134,089
Reserves		(14,786)	(17,890)	(16,664)
<b>Total Shareholders' Funds</b>		<b>119,303</b>	<b>116,199</b>	<b>117,425</b>
<b>Total Shareholders' Funds and Liabilities</b>		<b>171,863</b>	<b>161,346</b>	<b>165,473</b>

The Board of NPT Limited approved the financial statements for issue on 24th November 2015



**Sir John Anderson**  
Chairman



**J W Sherwin**  
Chairman of the Audit Committee

The notes set out on pages 18 to 25 form part of, and should be read in conjunction with the financial statements



## Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
<b>Cash Flows from Operating Activities</b>			
<b>Cash was provided from (applied to):</b>			
Gross Rental Income	8,389	8,132	16,787
Interest Income	41	52	106
Taxation Paid	(283)	(850)	(1,610)
Other Income	3	10	13
Operating Expenses	(3,178)	(3,839)	(7,572)
Interest Expense	(1,113)	(1,210)	(2,480)
<b>Net Cash Inflow from Operating Activities</b>	<b>3,859</b>	<b>2,295</b>	<b>5,244</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash was provided from (applied to):</b>			
Plant & Equipment	(46)	(26)	(168)
Property Work in Progress	(617)	(114)	(1,660)
Investment Properties under Development	(2,494)	(527)	(978)
<b>Net Cash Outflow from Investing Activities</b>	<b>(3,157)</b>	<b>(667)</b>	<b>(2,806)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Cash was provided from (applied to):</b>			
(Repayments)/Drawdown of Bank and Other Loans (Secured)	3,000	(62)	1,000
Distributions made to Shareholders	(3,076)	(3,882)	(5,179)
<b>Net Cash Outflow from Financing Activities</b>	<b>(76)</b>	<b>(3,944)</b>	<b>(4,179)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>626</b>	<b>(2,316)</b>	<b>(1,741)</b>
Cash and Cash Equivalents at the Beginning of Period	2,549	4,290	4,290
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>3,175</b>	<b>1,974</b>	<b>2,549</b>

## Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

<b>Net Profit after Taxation</b>	<b>5,076</b>	<b>2,568</b>	<b>6,385</b>
<b>Items Classified as Investing or Financing Activities:</b>			
Unrealised (Gain)/Loss in Fair Value of Investment Properties	(2,701)	(215)	(1,187)
Gain on Sale of Plant and Equipment	-	-	(1)
Unrealised Loss in Fair Value of Interest Rate Swaps	521	193	829
Movement in Deferred Taxation	(211)	(84)	(345)
<b>Movements in Working Capital Items:</b>			
Accounts Receivable/Prepayments	48	471	199
Trade and Other Payables	733	(571)	(393)
Taxation Receivable	347	(117)	(342)
<b>Non Cash Item</b>			
Depreciation	46	50	99
<b>Net Cash Inflow from Operating Activities</b>	<b>3,859</b>	<b>2,295</b>	<b>5,244</b>

The notes set out on pages 18 to 25 form part of, and should be read in conjunction with the financial statements

# Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

## 01. Reporting Entity

The reporting entity is the consolidated group comprising NPT Limited ("the Company") and its New Zealand subsidiaries together referred to as ("the Group"). NPT Limited is a limited liability company incorporated and domiciled in New Zealand. NPT Limited is registered under the Companies Act 1993, is listed on the New Zealand Stock Exchange (NZX) and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The principal activity of the Company is the investment in industrial, retail and commercial property in New Zealand. The condensed consolidated interim financial statements presented are those of the Company and its subsidiaries ("the Group").

## 02. Statement of Compliance and Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Account Practice in New Zealand ("NZ GAAP") and the requirements of the Financial Reporting Act 2013 and the Main Board Listing Rules of the NZX. The condensed consolidated interim financial statements comply with the New Zealand Equivalent to International Account Standard NZ IAS 34 and IAS 34 "Interim Financial Reporting".

### Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the basis of historical cost, except for the revaluation of investment properties and certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's audited financial statements for the year ended 31 March 2015. The financial statements are presented in New Zealand Dollars ("NZD"), which is the Group's functional currency, rounded to the nearest thousand dollars (\$000).

### Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

In the application of NZ GAAP, Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- (i) Investment Properties – Note 6
- (ii) Deferred Tax – Note 13

## 03. Significant Accounting Policies

Please refer to the Group's 31 March 2015 annual report for a full list of significant accounting policies.

Comparative amounts are from the audited and unaudited financial statements for the prior periods. Certain amounts in the comparative information have been reclassified to ensure consistency with the current year's presentation. Where appropriate, further information has been included within the relevant note disclosures.

### Subsidiaries

The condensed consolidated interim financial statements are prepared by consolidating the financial statements of all the entities that comprise the Group, being the Company and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the condensed consolidated interim financial statements.

Accounting policies of subsidiaries are consistent with the policies of the Company. All material intra-group transactions, balances, income and expenses are eliminated on consolidation.

### Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially brought to account at cost plus related costs of acquisition. After initial recognition, investment properties are stated at fair value as determined by an independent registered valuer. Investment properties are valued six monthly. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.



### 03. Significant Accounting Policies (continued)

In the absence of an active market, alternative valuation techniques are utilised which may include discounted cash flow projections, capitalisation of income or sales comparison approach as appropriate to the property being valued. The valuations are prepared by considering the aggregate of the estimated cash flows expected from rental income, the occupancy rates, average lease terms and capitalisation rates which reflect the current market conditions. The estimate of fair value is a judgement which has been made, based on the market conditions which apply at reporting date.

Any gains or losses arising from changes in the fair value of investment properties are included in the Profit or Loss within the Statement of Comprehensive Income in the period in which they arise.

Subsequent expenditure is charged to the asset carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The net gain or loss on disposal of Investment Properties is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in the Profit or Loss within the Statement of Comprehensive Income in the period in which the disposal occurred.

### 04. Direct Property Operating Expenses

	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
Tenant Operating Expenses	(2,160)	(2,114)	(3,634)
Owner Operating Expenses	(777)	(584)	(1,372)
Bad Debts	(7)	(30)	(47)
Movement in allowance for Doubtful Debts	(47)	(45)	(6)
<b>Total Direct Property Operating Expenses</b>	<b>(2,991)</b>	<b>(2,773)</b>	<b>(5,059)</b>

### 05. Administration Expenses

	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
Fees paid to Auditor	36	45	69
Directors Fees	103	107	197
Employee costs	584	754	1,059
Rent	78	67	133
Professional Fees	93	18	154
Registry and Stock Exchange Fees	41	43	83
Shareholder Communications	26	17	38
Other Operating Expenses	1	29	379
<b>Total Administration Expenses</b>	<b>962</b>	<b>1,080</b>	<b>2,112</b>

### 06. Investment Properties

	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
<b>Reconciliation of Carrying Amount</b>			
Balance at the Beginning of the Period	158,225	156,060	156,060
Capitalised Costs	2,494	589	978
Revaluation of Investment Properties	2,701	76	1,187
<b>Balance at the End of the Period</b>	<b>163,420</b>	<b>156,725</b>	<b>158,225</b>

Investment properties were valued at the reporting date by an independent registered external valuer who is a member of the Institute of Valuers NZ.

## Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

### 07. Earnings per Share

Earnings per share is calculated by dividing the profit/(loss) attributable to shareholders (excluding distributions) of the Company by the weighted average number of ordinary shares on issue during the period.

	Unaudited 6 months 30 Sep 2015	Unaudited 6 months 30 Sep 2014	Audited 12 months 31 Mar 2015
Profit/(Loss) attributable to Shareholders of the Company (\$'000)	5,076	2,568	6,385
Number of Shares on Issue	161,920,433	161,920,433	161,920,433
Basic and Diluted Earnings per Share (cents)	3.13	1.59	3.94

#### Number of Ordinary Shares

Issued Shares at the Beginning of the Period	161,920,433	161,920,433	161,920,433
Issued Shares at the End of the Period	161,920,433	161,920,433	161,920,433
<b>Number of Ordinary Shares for Basic and Diluted Earnings per Share</b>	<b>161,920,433</b>	<b>161,920,433</b>	<b>161,920,433</b>

### 08. Distributions Paid and Payable

		Unaudited 6 months 30 Sep 2015 \$'000	Unaudited 6 months 30 Sep 2014 \$'000	Audited 12 months 31 Mar 2015 \$'000
The following distribution was paid in respect of previous year	0.800 cents (2014:0.80 cents)	1,295	1,294	1,295
The following distribution was declared and paid in respect of previous year	1.100 cents (2014:0.80 cents)	1,781	1,294	1,294
The following distributions were declared and paid during the period	Nil cents (2014:0.80 cents)	-	1,294	2,590
<b>Total Distributions Paid</b>		<b>3,076</b>	<b>3,882</b>	<b>5,179</b>
The following distribution was declared but unpaid at Reporting Date	0.875 cents (2014:Nil cents)	1,417	-	1,295
Less: distributions paid in respect of previous year		(1,295)	(1,294)	(1,295)
<b>Total Distributions Paid and Payable to Shareholders</b>		<b>3,198</b>	<b>2,588</b>	<b>5,179</b>

### 09. Accounts Receivable

	Unaudited 6 months 30 Sep 2015 \$'000	Unaudited 6 months 30 Sep 2014 \$'000	Audited 12 months 31 Mar 2015 \$'000
Accounts Receivable	261	175	214
Allowance for Doubtful Debts	(55)	(8)	(7)
<b>Total Accounts Receivable</b>	<b>206</b>	<b>167</b>	<b>207</b>
Other Loans and Receivables	108	64	18
<b>Total Other Loans and Receivables</b>	<b>314</b>	<b>231</b>	<b>225</b>



## 10. Prepayments

	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
Prepayments – less than 1 year	604	461	741
<b>Total Prepayments – Current</b>	<b>604</b>	<b>461</b>	<b>741</b>
Prepayments – greater than 1 year and less than 5 years	1,291	838	813
Prepayments – greater than 5 years	380	115	448
<b>Total Prepayments – Non Current</b>	<b>1,671</b>	<b>953</b>	<b>1,261</b>

## 11. Trade and Other Payables

	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
Accrued Interest and Fees paid to Bank	420	288	291
GST Payable	127	115	22
Rent in Advance	15	15	300
Other Creditors and Accruals	1,756	989	972
<b>Total Trade and Other Payables – Current</b>	<b>2,318</b>	<b>1,407</b>	<b>1,585</b>
Other Creditors and Accruals	18	18	18
<b>Total Trade and Other Payables – Non Current</b>	<b>18</b>	<b>18</b>	<b>18</b>

## 12. Bank and Other Loans

	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
Bank of New Zealand (Secured)	44,000	39,939	41,000
<b>Total Bank Loans – Non Current</b>	<b>44,000</b>	<b>39,939</b>	<b>41,000</b>

On the 16th July 2015 the Company entered into a new bank facility agreement of \$70million with the Bank of New Zealand. The facility is secured by way of General Security Agreements granted by NPT Limited and each subsidiary of the Company. In addition, the facility is secured by registered first mortgages over all of the real property assets and the cross guarantee of each of the Group's subsidiary companies. The facility is for 60 consecutive months and is due to expire on 22 July 2020.

The weighted average cost of funds for bank debt under the facility, including margin but excluding line fee, at Reporting Date was 4.48% (30 September 2014: 4.42%; 31 March 2015: 4.47%).

The Group recognises the risk of the fluctuating economic value of financial instruments because of changes in interest rates in its attempt to manage its cash flow interest rate risk. The Group manages this risk by using floating-to-fixed Interest Rate Swaps.

Generally, the Group raises borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the Interest Rate Swaps, the Group agrees with other parties to exchange the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Changes in the fair value of Interest Rate Swaps are recognised in the Profit or Loss within the Statement of Comprehensive Income.

## Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

### 13. Deferred Taxation

	Unaudited 6 months 30 Sep 2015 \$000	Unaudited 6 months 30 Sep 2014 \$000	Audited 12 months 31 Mar 2015 \$000
Investment Properties Depreciation Recovery	3,350	3,350	3,350
Interest Rate Swaps	(419)	(95)	(273)
Other	17	166	82
<b>Balance at the End of the Period</b>	<b>2,948</b>	<b>3,421</b>	<b>3,159</b>

### 14. Contributed Capital

	Unaudited 6 months 30 Sep 2015	Unaudited 6 months 30 Sep 2014	Audited 12 months 31 Mar 2015
Fully Paid Shares on Issue	161,920,433	161,920,433	161,920,433
Shares Subscribed (\$000)	134,089	134,089	134,089

All shares have equal voting rights and share equally in distributions and any surplus on winding up.

### 15. Segment Information

The principal business activity of the Group is to invest in New Zealand properties. The Group's Investment Properties are divided into three business sectors: Industrial, Commercial and Retail.

The Segment result is the measure of operating profit reported to the Board and reflects the total profit or loss for the period including non-cash and non-recurring items. The Board assesses the segment performance and decides on the resource allocation.

The segment results for the six months ended 30 September 2015 were as follows:

	Industrial \$000	Commercial \$000	Retail \$000	Unallocated \$000	Total \$000
Segment Revenue	1,981	2,062	4,423	-	8,466
Net Segment Revenue	1,684	1,414	2,377	-	5,475
Net Profit/(Loss) before Taxation	1,579	1,915	4,687	(2,686)	5,495
Change in Fair Value of Investment Properties	(105)	500	2,306	-	2,701
<b>Total Liabilities</b>	<b>1,492</b>	<b>1,423</b>	<b>2,507</b>	<b>47,138</b>	<b>52,560</b>
<b>Total Assets</b>	<b>40,812</b>	<b>35,049</b>	<b>92,311</b>	<b>3,691</b>	<b>171,863</b>

The segment results for the six months ended 30 September 2014 were as follows:

	Industrial \$000	Commercial \$000	Retail \$000	Unallocated \$000	Total \$000
Segment Revenue	1,939	2,039	4,180	-	8,158
Net Segment Revenue	1,641	1,364	2,380	-	5,385
Net Profit/(Loss) before Taxation	1,366	1,364	2,740	(2,461)	3,009
Change in Fair Value of Investment Properties	(275)	-	351	-	76
<b>Total Liabilities</b>	<b>3,422</b>	<b>2,999</b>	<b>5,213</b>	<b>33,513</b>	<b>45,147</b>
<b>Total Assets</b>	<b>41,102</b>	<b>34,410</b>	<b>83,507</b>	<b>2,327</b>	<b>161,346</b>

## 15. Segment Information (continued)

The segment results for the year ended 31 March 2015 were as follows:

	Industrial \$000	Commercial \$000	Retail \$000	Unallocated \$000	Total \$000
Segment Revenue	3,884	4,109	8,528	–	16,521
Net Segment Revenue	3,289	2,829	5,344	–	11,462
Net Profit/(Loss) before Taxation	2,864	2,829	6,970	(5,345)	7,318
Change in Fair Value of Investment Properties	(425)	–	1,612	–	1,187
<b>Total Liabilities</b>	<b>4,075</b>	<b>3,301</b>	<b>5,489</b>	<b>35,183</b>	<b>48,048</b>
<b>Total Assets</b>	<b>41,045</b>	<b>34,495</b>	<b>87,043</b>	<b>2,890</b>	<b>165,473</b>

## 16. Related Party Transactions

### Key Management Personnel

The Group has a related party relationship with its key personnel. Key management personnel include the Directors of the Parent and the Managing Director. Remuneration provided to the Managing Director is detailed below.

	Salary \$000	Kiwisaver Contribution \$000	Consulting Fees \$000	Directors fees \$000	Total \$000
<b>For six months to September 2015</b>					
Sir John Anderson (Chairman)	–	–	–	30	30
J W Sherwin	–	–	3	20	23
Tony McNeil	–	–	–	20	20
Carol Campbell (appointed 25 May 2015)	–	–	–	13	13
Kerry Hitchcock	180	5	–	20	205
<b>Total</b>	<b>180</b>	<b>5</b>	<b>3</b>	<b>103</b>	<b>291</b>

	Salary \$000	Kiwisaver Contribution \$000	Consulting Fees \$000	Directors fees \$000	Total \$000
<b>For six months to September 2014</b>					
Sir John Anderson (Chairman)	–	–	–	30	30
J W Sherwin	–	–	2	20	22
Tony McNeil	–	–	–	20	20
David Cushing (resigned 22nd August 2014)	–	–	–	20	20
Kerry Hitchcock	180	5	–	20	205
<b>Total</b>	<b>180</b>	<b>5</b>	<b>2</b>	<b>110</b>	<b>297</b>

	Salary \$000	Kiwisaver Contribution \$000	Consulting Fees \$000	Directors fees \$000	Total \$000
<b>For the year ending 31 March 2015</b>					
Sir John Anderson (Chairman)	–	–	–	60	60
J W Sherwin	–	–	4	40	44
Tony McNeil	–	–	–	40	40
David Cushing (resigned 22nd August 2014)	–	–	–	20	20
Kerry Hitchcock	410	12	–	40	462
<b>Total</b>	<b>410</b>	<b>12</b>	<b>4</b>	<b>200</b>	<b>626</b>

No long term employee benefits or post-employment benefits are provided to key management personnel.

### Basis of Transactions

Transactions with related parties have been entered into in the ordinary course of business and are undertaken on normal commercial terms.



## Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

### 17. Contingent Liabilities

There were no material contingent liabilities as at 30 September 2015 (30 September 2014: nil; 31 March 2015: nil).

### 18. Financial Instruments

Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at reporting date. The net fair value of Financial Assets and Liabilities is not materially different from the net carrying amounts disclosed in the condensed consolidated interim financial statements. The methods used for determining the fair values of financial instruments are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 March 2015.

	Designated at fair value \$000	Loans and Receivables \$000	Financial Liabilities at Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
<b>As at 30 September 2015</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	-	3,175	-	3,175	3,175
Accounts Receivable	-	206	-	206	206
<b>Total Financial Assets</b>	<b>-</b>	<b>3,381</b>	<b>-</b>	<b>3,381</b>	<b>3,381</b>
<b>Financial Liabilities</b>					
Bank and Other Loans	-	-	44,000	44,000	44,000
Trade and Other Payables	-	-	2,336	2,336	2,336
Distribution Payable to Shareholders	-	-	1,417	1,417	1,417
Interest Rate Swaps	1,495	-	-	1,495	1,495
<b>Total Financial Liabilities</b>	<b>1,495</b>	<b>-</b>	<b>47,753</b>	<b>49,248</b>	<b>49,248</b>

	Designated at fair value \$000	Loans and Receivables \$000	Financial Liabilities at Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
<b>As at 30 September 2014</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	-	1,974	-	1,974	1,974
Accounts Receivable	-	167	-	167	167
<b>Total Financial Assets</b>	<b>-</b>	<b>2,141</b>	<b>-</b>	<b>2,141</b>	<b>2,141</b>
<b>Financial Liabilities</b>					
Bank and Other Loans	-	-	39,939	39,939	39,939
Trade and Other Payables	-	-	1,425	1,425	1,425
Interest Rate Swaps	338	-	-	338	338
<b>Total Financial Liabilities</b>	<b>338</b>	<b>-</b>	<b>41,364</b>	<b>41,702</b>	<b>41,702</b>

## 18. Financial Instruments (continued)

As at 31 March 2015	Designated at fair value \$000	Loans and Receivables \$000	Financial Liabilities at Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
<b>Financial Assets</b>					
Cash and Cash Equivalents	–	2,549	–	2,549	2,549
Accounts Receivable	–	225	–	225	225
<b>Total Financial Assets</b>	<b>–</b>	<b>2,774</b>	<b>–</b>	<b>2,774</b>	<b>2,774</b>
<b>Financial Liabilities</b>					
Bank and Other Loans	–	–	41,000	41,000	41,000
Trade and Other Payables	–	–	1,603	1,603	1,603
Interest Rate Swaps	974	–	–	974	974
<b>Total Financial Liabilities</b>	<b>974</b>	<b>–</b>	<b>42,603</b>	<b>43,577</b>	<b>43,577</b>

Fair value of financial instruments that are not traded in an active market, such as derivative financial instruments, is determined using a valuation technique such as discounted cash flows. The carrying value less impairment provision of other financial assets and liabilities is not expected to be materially different to their fair values.

The only financial instruments measured at fair value in the Statement of Financial Position are derivatives (Interest Rate Swaps). The fair value of Interest Rate Swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. As this valuation technique maximises the use of observable market data as an input, the instrument is classified as Level 2 under NZ IFRS 7 Financial Instruments Disclosure.

## 19. Subsequent Events

On 24th November 2015, the Board of NPT Limited declared a payment from the Company of a second quarter distribution of 0.875 cents per share, the record date being 18th December 2015 and payment date 8th January 2016.



## Independent Review Report

### To the Shareholders of NPT Limited

We have reviewed the condensed consolidated interim financial statements of NPT Limited and the entities it controlled at 30 September 2015 and for the six month period then ended ("the Group") which comprise the condensed consolidated statement of financial position as at 30 September 2015, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 14 to 25.

### Director's Responsibilities

The Directors of NPT Limited are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

### Reviewer's Responsibilities

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of NPT Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performed procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these financial statements.

Other than in our capacity as assurance practitioners, we have no relationship with or interests in the Group.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2015 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

### **Restriction on Distribution or Use**

This report is made solely to NPT Limited's shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than NPT Limited and NPT Limited's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.



### **Grant Thornton New Zealand Audit Partnership**

Auckland, New Zealand

24 November 2015

### COMPANY

NPT Limited  
PO Box 105 090  
Auckland City Post  
Auckland 1143

**P** 09 375 9081  
**F** 09 302 4589

**www.npt.co.nz**

### BANKERS

Bank of New Zealand  
Level 6  
Deloitte Centre  
80 Queen Street  
Auckland

### AUDITORS

Grant Thornton  
New Zealand Audit  
Partnership  
Level 4  
Grant Thornton House  
152 Fanshawe Street  
PO Box 1961  
Auckland 1140

### REGISTRAR

Link Market Services Limited  
138 Tancred Street  
PO Box 384  
Ashburton

**P** 03 308 8887  
**F** 03 308 1311

### LEGAL ADVISOR

David Stock  
Barrister and Solicitor  
Level 3  
22 Moorhouse Avenue  
Christchurch

**P** 03 353 1036







#### **CONTACT DETAILS**

NPT Limited  
PO Box 105 090  
Auckland City Post  
Auckland 1143

**P** 09 375 9081

**F** 09 302 4589

**[www.npt.co.nz](http://www.npt.co.nz)**

